

ECONOMIC HIGHLIGHTS – JANUARY 2006 (PART 2)

The following are notable economic issues in T&T during the latter half of January:

1. Central Bank Pumps US Dollars into Banking System
2. Cell phone interconnection by March 31
3. Cable TV company acquired by Barbados firm
4. Climate Change Working Group Appointed
5. Petrotrin profit in 2005 over US\$250 million

1. Central Bank Pumps Dollars into Banking System

The Central Bank of Trinidad and Tobago has pumped US\$100 million into the banking system in order to avert a foreign exchange crisis. The Bank announced that it injected US\$50 million on January 31 with an additional US\$50 million to be added on February 6. According to the report, a total of US\$110 million was injected in January. Central Bank Governor Ewart Williams said the Bank had sold US\$106 million to commercial banks in January to alleviate a shortage of US dollars and prop up the TT dollar. Williams said that the amount pumped into the system in January far outstripped the average for the last four Januarys, which was between US\$20 and US\$30 million. He described the demand as "unusual." However, the Governor said that there was absolutely no need for an adjustment to the equilibrium exchange rate. Williams said that the Bank was taking the necessary steps to tighten monetary policy and to supply the foreign exchange market as required. He said that T&T's macroeconomic fundamentals did not require a significant adjustment to the exchange rate.

2. Cell phone interconnection by March 31

Telecommunications Authority of Trinidad and Tobago (TATT) Chairman Khalid Hassanali recently said most of the interconnection equipment eagerly anticipated by pending mobile operators Digicel and Laqtel had arrived in Trinidad and was awaiting installation. However, he noted that negotiations among concessionaires were still to be completed, including an interconnection rate. In related statements, Telecommunications Services of Trinidad and Tobago (TSTT) CEO Carlos Espinal and chief operating officer Bernard Mitchell said they were optimistic about meeting the March 31 TATT interconnection deadline. Espinal confirmed that TSTT was in interconnection discussions with Digicel and local telecom company Laqtel and indicated that there is still some way to go before all three parties sign interconnection agreements. Espinal said TSTT is continuing to improve its mobile phone quality and coverage and 400 new cellular sites would be erected by March. Laqtel is negotiating with TSTT to share facilities on 20 of those towers in the first instance.

3. Cable TV company acquired by Barbados firm

Columbus Communications Trinidad Limited (CCTL) recently received a concession from the Telecommunications Authority of Trinidad and Tobago (TATT) to provide cable television, high-speed data Internet services and local telephone services. CCTL acquired the Cable Company of Trinidad and Tobago (CCTT) and launched its operations on January 31. CCTL is a wholly owned subsidiary of Columbus Communications Incorporated, based in Barbados. CCTL President John Reid said the company plans to invest in excess of a billion TT dollars (US\$ 159 million) to completely rebuild the current network over three years to construct a fully, protected, advance

broadband network. According to Reid, some benefits of the new system would include more than 200 video and audio channels and other deluxe features.

4. Climate Change Working Group Appointed

GOTT established an environmental working group to determine the implications of global warming, climate change and the rise in sea levels in T&T. At the ceremony to launch the group, Environment Minister Penelope Beckles said climate change and other environmental factors were having a negative impact on Small Island Developing States (SIDS) like T&T. She said there was need to understand the issues and plan strategies to adapt to the world's changing climate conditions. Members of the committee are as follows: Kishan Kumairsingh (environmental planning officer, Ministry of Public Utilities and Environment); Cheryl Ramsubeik (environmental officer, Tobago House of Assembly); Neila Bobb-Prescott; Ronald Bryce; Neal Alleyne; Louis Guy; Dr. Dave Chadee and Charmaine O'Brien-Delpesh. The group is responsible for collecting and analyzing data from national, regional and international bodies on climate change effects and to advise government on creating policies to deal with their implications.

2. Petrotrin profit in 2005 over US\$250 million

The Petroleum Company of Trinidad and Tobago (Petrotrin) made a net profit of TT1.5 billion (US\$250 million) for its year ending September 30, 2005. The performance marked an increase of 208% over its TT 489 million profit in 2004. Revenues in 2005 were TT20 billion, an increase of 62% over 2004. Operating profit for Petrotrin in 2005 was TT 3.8 billion, an increase of 163% over 2004. The company's published statement on its performance said GOTT revenues from Petrotrin – comprising royalties, petroleum levy, supplemental petroleum taxes and taxes on profits, as well as levies on unemployment and the green fund – amounted to TT3.6 billion (\$600 million). The comparable GOTT take in 2004 was TT 1.6 billion (\$266 million). The reported total to the government does not include the net profit from the company, which is state-owned. The company statement also noted that Moody's Investor Service upgraded the foreign currency debt rating for Petrotrin in 2005 from Baa3 to Baa2.